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SUBJECT: PRESIDENT PAPADOPOULOS OFFICIALLY ENTERS PRESIDENTIAL RACE

¶1. (SBU) Summary: On July 24, the last of the three main contenders for the presidency, incumbent Tassos Papadopoulos, officially confirmed that he will seek reelection. The main themes of his televised announcement were the rejection of the Annan Plan and support of the subsequent July 8 process as a vehicle for finding a new basis for a solution. Having lost leftist AKEL's support, however, Papadopoulos is no longer considered the clear favorite. Opinion polls record a gradual decline of his popularity and now show all three major candidates with roughly equal chances to make it to the second round in February.

¶2. (SBU) Meanwhile, nationalist EVROKO joined DIKO and EDEK in supporting Papadopoulos's bid and in becoming an equal partner in any future Papadopoulos administration. EVROKO's shrill nationalistic rhetoric and its poor relations with DISY, however, will scare away many AKEL and DISY voters who might otherwise have been tempted to support Papadopoulos. For its part, AKEL is not only increasing the volume of its criticism of Papadopoulos, it is also making a greater effort to move the party away from its communist roots toward the center.

Papadopoulos Appeals to "No" Voters to reelect him

¶3. (SBU) In a July 24 televised address, President Tassos Papadopoulos officially launched his reelection campaign. Flanked by a Cypriot and an EU flag and with an open window in the background, a calm and confident Papadopoulos revealed that he will seek to capitalize on what he considers the key accomplishments of his administration: the rejection of the Annan Plan, the July 8 process, a recently-announced increase in social benefits, and Cyprus's entry into the Euro-zone. His speech was designed to appeal to the 76 percent that voted "no" to the UN-sponsored Annan Plan in April 2004. He argued that the rejection of the Annan plan has opened up prospects for a better solution, provided he remained in charge to complete the work that he had started. He placed blame for the Annan Plan on former (DISY) President Clerides and claimed that, despite his sincere efforts, he could not improve it to the point that it could form the blueprint for a viable and functional solution. Aware of the electorate's growing uneasiness over the lack of any kind of forward movement on the Cyprus issue, Papadopoulos argued that the July 8 process could produce a new basis for a solution, provided that Turkish Cypriot leader Mehmet Ali Talat responded to his call to enter into negotiations on the core aspects of the Cyprus problem.

¶4. (SBU) Papadopoulos made a special appeal in his speech to his "friends in AKEL" to renew their faith in him "in order to win more battles together" and prevent conservative DISY from climbing back into power. His awkward pitch to AKEL voters infuriated AKEL's leadership, which launched a series of attacks on Papadopoulos, warning him to keep his hands off the party faithful since AKEL now has its own candidate. However, recent opinion polls recording a gradual decline in Papadopoulos's popularity clearly indicate that

he needs to attract votes from AKEL's and DISY's traditional electorate if he is to make it into the second round. The first opinion poll carried out only two days after AKEL made its final decision on July 8 to back the candidacy of its own General Secretary Demetris Christofias, showed a seven percent decline in

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Papadopoulos's lead, down to 30.8 percent from 37.7 percent in April 2007. At the same time, Christofias improved his share to 26.3 percent from 23.9 percent three months ago. DISY-backed independent candidate Ioannis Kasoulides remained second in the race with 29.6 percent, down from 32.4 percent in April. Contrary to earlier predictions that Papadopoulos would win in a landslide in a second round run-off with either one of his main rivals, this poll showed Christofias leading with 41.1 percent against Papadopoulos's 39.5 percent.

Papadopoulos Loses the Aura of Inevitability

15. (SBU) Pundits believe that Papadopoulos has valid reasons to worry about his prospects for reelection as the two major parties AKEL and DISY appear to have solidified party support for their own candidates. An independent election specialist, with a proven record prognosticating in Cypriot elections, told EmbOff that, traditionally, the parties that support Papadopoulos, centrist DIKO and socialist EDEK, are incapable of delivering one hundred percent of the votes they poll in parliamentary elections to the presidential candidate they endorse, primarily because of their weak party organization but also due to internal rivalries and disagreements. DIKO and EDEK polled 17.9 percent and 8.8 percent in the May 2006 parliamentary elections, while AKEL and DISY polled 31.13 percent and 30.34 percent, respectively. AKEL is regarded as having the best party organization and being able to deliver its electorate to the polls. To date, all Cypriot presidents have been elected with either the support of DISY or AKEL.

16. (SBU) A July 25 decision by nationalist European Party (EVROKO -- which was formed by defectors from DISY in 2005), to endorse

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Papadopoulos's candidacy, may prove a double-edged sword. While the addition of EVROKO's 5.75 percent share in the May 2006 parliamentary elections may seemingly appear sufficient to safely land Papadopoulos in the second round of the elections, EVROKO's nationalist, anti-federation views and its history of bad blood with DISY may scare away any AKEL and DISY voters who are attracted to Papadopoulos's candidacy but are appalled by the idea of joining forces with EVROKO.

17. (SBU) A Papadopoulos campaign insider disagrees. He believes that Papadopoulos's image as the leader of the "no" camp at the 2004 referendum is stronger than AKEL's legendary discipline and party allegiance. He is convinced that Papadopoulos will easily draw votes from the huge 76 percent "no" vote pool, especially now that he is free of the constraints placed on his Cyprus-problem policy by AKEL. He argued that AKEL's irresolute stance on the Annan Plan has driven many AKEL voters to Papadopoulos's camp and was certain that Christofias will "fall on his face" in the February elections.

18. (SBU) Meanwhile, in Kasoulides's camp hopes and fears are riding high. While Christofias's candidacy has suddenly made Kasoulides a serious contender, it simultaneously exposed his most damaging weaknesses: his lack of proven leadership qualities. A Kasoulides campaign insider and senior DISY official confessed to EmbOff that "most bets are on Christofias" to be the next president. Should Kasoulides fail to significantly improve his image and thus create a momentum for his candidacy, his chances will collapse, he said. He disclosed that private media outlets and many influential businesspeople are waiting for the September poll results in order to decide on which side to jump. He feared that Kasoulides's failure to enter the second round would cause a serious and possibly irreparable rift in DISY. He revealed that a DISY-commissioned poll showed that half of the DISY supporters would never vote for Christofias and the other half are dead set against Papadopoulos.

19. (SBU) Another Kasoulides campaign insider, however, was

optimistic about Kasoulides's chances to win the elections. He was certain that the election will result in a second round runoff between Kasoulides and Christofias. Since most DIKO and EVROKO voters will never agree to back the Communist Christofias, Kasoulides will be the victor.

AKEL Shifting to the Center

¶10. (SBU) AKEL spokesman Andros Kyprianou told EmbOff that the party's decision to go it alone rather than throwing its support behind other parties' candidates as it has in the past was part of a longer-term strategy to establish AKEL as a party with a direct claim to power. More revealing of AKEL's future plans was AKEL's decision to hire the services of mainland Greek communications and policy advisor, Yiannis Loullis, who also serves as an advisor to Greek Prime Minister Karamanlis. Loullis is best known for his motto that "the future is in the center." According to an AKEL insider, in his speech to the closed session of the July 8 AKEL Congress, Christofias talked about transforming AKEL into an urban political party, while in public appearances AKEL officials have dropped references to communism in favor of socialism. DISY Deputy Leader Averof Neophytou worried to us that by moving toward the center, AKEL will be able to attract middle and upper middle-class voters and donors, making it an even more formidable rival. A possible AKEL success in the upcoming elections, he said, would speed up this process.

Comment

¶11. (SBU) While Papadopoulos's reelection seemed a near certainty a few months ago, it is now anybody's game. Christofias' candidacy has deprived him of the support of AKEL that was critical to his election in 2003 and has made this a tight race. With no clear favorite, many key opinion makers who appeared poised to jump on the Papadopoulos band-wagon are now waiting to see the poll results this fall before tying their fates to any of the three main contenders. A three-candidate race will also make it much more difficult for Papadopoulos to turn the campaign into a "second referendum" on the Annan plan. To get to the second round, Papadopoulos now needs the support of all of DIKO's, EDEK's and EVROKO's parliamentary voters or significant defections from the AKEL and DISY electorates. This will not be easy. The parties in his coalition lack the political organization and internal discipline of the two larger parties. In the months leading up to the February 17 presidential election, Papadopoulos will seek to satisfy hardliners and moderates alike in order to convince them to renew their trust in him. Papadopoulos is also likely to try to improve his relations with the international community, and particularly the U.S., in an attempt to fend off AKEL criticisms that his reputation abroad has tipped the international balance in favor of the Turkish Cypriot side.

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